



**ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND
ECONOMICS SCHOOL OF COMMERCE**

**THE EFFECT OF LEADERSHIP STYLE ON EMPLOYEE
PERFORMANCE IN
THE CASE OF AWASH BANK EAST ADDIS ABABA REGION**

**BY
SHEWAKENA DABA SERBESSA
I.D NO GSE\6199\13**

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LEADERSHIP***

ADVISOR: DR. ADANE ATARA

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DECLARATION

I, the undersigned, certify that the thesis (project work) was written by me from scratch and was guided by Dr. Adane Atara. This project paper has not been submitted in full or in part to any other university for the purpose of earning a degree, and all sources of information used have been properly acknowledged.

Name: Shewakena Daba

Signature_____

Addis Ababa University School of Commerce June 2023

Approved by examining board.

Members of board of examiners approve that this research project titled, ‘EFFECT OF LEADERSHIP STYLES ON EMPLOYEE PERFORMANCE: THE CASE OF AWASH BANK EAST ADDIS ABABA REGION.’ undertaken by Shewakena Daba the requirements for the Degree of Master of Arts in Business Leadership and is acceptable with regards to the standards and regulations of the University.

Signature

Advisor

Internal examiner

External Examiner

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List of Acronyms

- MLQ Multi-factor Leadership Questionnaire
- SPSS Statistical Package for social science
- SD Standard deviation
- KPI Key performance indicator
- ANOVA Analysis of variance
- VIF Variance inflation factor
- Awash Bank S.C Awash Bank Share Company

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Abstract

The purpose of the study was to determine how Awash Bank S.C.'s leadership styles affected staff performance. The major goals were to examine leadership methods (transformational, transactional, laissez-faire, authoritative, and democratic) and their impact on worker performance. The method of choosing research subjects was simply random sampling. 126 useful responses to the 135 distributed structured questions were gathered. The practices of effective leadership and their relationship to worker performance were assessed using a multifactor leadership questionnaire (MLQ form 5X). Using SPSS.23, descriptive statistics and scale analysis were utilized to analyze the data. The association between leadership styles and employee performance was predicted using regression, correlation analysis and the five leadership styles have 26.4% of influencing employee performance. The research demonstrates that transformational leadership is the most frequently used type of leadership, followed by democratic, laissez-faire, and transactional leadership, in that order. Employee performance was found to be positively connected with transformational, transactional, democratic, and laissez-faire leadership styles, but adversely correlated with authoritative leadership styles. The findings suggest that Awash Bank leaders should adopt transformational and transactional leadership styles, but not authoritative ones.

Keywords:

Transformational leadership, Transactional leadership, Authoritative leadership, Democratic leadership, and laissez Faire leadership and employee performance employee performance

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Leadership is an impactful partnership between leaders and followers who want to achieve results that represent their common goals. Enhancing the performance of individuals and teams, performance management is a systematic approach to enhancing organizational performance (Armstrong, 2009). By enhancing the performance of individuals and teams, performance management is a systematic approach to enhancing organizational performance (Armstrong, 2009). By connecting individual performance and organizational goals to the overarching missions and objectives of the organization, performance in an organization is continuously identified, measured, and developed (Aguinis, 2009). The productivity and realization of the organization's vision and goals will increase with improved employee performance. Some managerial choices might affect how well employees perform when contemplating how to improve employee performance. One of the factors that is crucial among these characteristics is the leadership style. According to Schermerhorn, John, and Wiley (2011) and DuBrin (2006), a leader's style is the constant pattern of actions that are displayed by that person to persuade subordinates to accomplish organizational objectives. The way a leader gives instructions carries out plans, and inspires followers is referred to as their leadership style (Jooste, 2009).

According to Jeremy et al. (2012), the leadership styles used by a leader in an organization have a substantial impact on both the effectiveness of employees' performance and the relationship between the leader and the employees. Thus, this shows that leadership qualities put into practice determine an organization's success or failure. Additionally, Lewis & Gilman (2013) assert that effective leadership practices boost employee productivity across a range of economic sectors by improving employee performance. Any organization's leadership is one of the most crucial factors in determining its success. Igbaekemen (2014) defines leadership as the art of inspiring people to freely collaborate toward a common objective. Leadership is also required to create a motivated environment at work.

Businesses are working hard to further their corporate vision, sustain their success, and accomplish their objectives. Resources, both financial and non-financial, are allocated to accomplish corporate goals. Many leaders and managers are concerned with making efficient and effective use of the resources they have been allotted. Human capital is one of the most important resources for an organization, and employee performance has a direct impact on the performance of the company. In addition to how employees perform, Anyago (2015) emphasizes that a company's success or failure is greatly influenced by the efficiency of its executives at all organizational levels.

For many businesses, if not all, enhancing performance depends on leadership. To carry out the duties and obligations required of a leader of an organization, people are appointed, recruited, or elected. From government to NGOs, small and medium-sized businesses to corporations, the service and manufacturing sectors, every business activity, including the military and public sectors, all exercise leadership at various levels of the organizational structure. The major objective of a leader is to foster harmony, prosperity, and strength among the people that make up an organization. The ambiguous business environment of today has forced many firms to contend with difficulties, fight for survival, and compete in both local and international markets. The most crucial organizational resource for enabling strategic change and surviving intense competition is the leadership given by managers. By encouraging employees to perform better and achieve both personal and organizational goals, leaders motivate others.

Numerous academics have investigated and provided evidence about various leadership philosophies that any leader can use to persuade subordinates to pursue the highest level of commitment (Oladipo et al., 2016; Bogler, 2015). As a result, these studies highlight the significance of leadership approaches that motivate staff to work voluntarily toward the organization's set goals and objectives. Employee motivation is crucial because people join organizations for a variety of reasons, not the least of which is to develop the leadership skills necessary to influence others to achieve or go beyond the organization's established goals. In support of this idea, Akpala (1998) said that a lack of desire, discontent with one's job, and a bad attitude at work are a few things that could make employees less productive, which could lower corporate earnings.

Therefore, the researcher made a concerted attempt to pinpoint the most effective leadership philosophies that may motivate staff to develop their skills and commitment to successfully increase expected performance at Awash Bank East Addis Ababa region. It was deemed wise to use a quantitative approach for this study because the technique can achieve its goal by statistically determining the link that exists between the variables.

Awash Bank, Ethiopia's pioneering private bank, was established on November 10, 1994, after the downfall of the socialist regime. The Bank was established by 486 founding shareholders with paid-up capital of Birr 24.2 million and started banking operations on Feb. 13, 1995. Since embarking on operations, the Bank has registered remarkable growth. Notwithstanding global and domestic challenges, Awash Bank has exhibited superior operational and financial performances among private banks operating in Ethiopia. Awash Bank is currently working towards strengthening its capital base, technological capabilities, human resources, and customer base.

Findings from the study can help leaders as they learn the best type of leadership to use to get the best output from their workforce. As a result, it is important to construct leadership development programs. Additionally, some training and seminars can be beneficial in raising awareness among managers and leaders, which in turn improves employee performance.

1.2 Statement of Problems

The impact of a leader's style on employees' performance has been a contentious subject for studies all over the world. According to Behn (1995), one of the questions that require adequate responses in organizational management is the effect of leadership styles on manipulating staff performance.

The accomplishment of organizational goals and missions is closely tied to several organizational elements. (Chioke, 2001) asserts that one of the elements influencing employees' job satisfaction and productivity is the conduct and leadership style of the boss.

According to Mitonga-Monga et al. (2011), performance is the accomplishment of an organization's objectives in pursuit of its vision and business strategies that produce long-term competitive advantages. Therefore, an organization's performance is measured in terms of profit, revenue, growth, development, and firm expansion. The performance of individual employees has a significant impact on organizational success. According to Tandoh (2011), an organization's success and survival depend on the performance of its employees. Work effort, initiative, and adherence to organizational policies are other characteristics of good employee performance. The cooperation, commitment, and helpful actions of coworkers have a significant impact on an employee's performance. While teamwork is crucial for reaching organizational objectives, it is important to realize that an organization cannot achieve its objectives by relying simply on the efforts of one or two people. As a result, a capable leader is crucial to acknowledge the contributions made by staff members in achieving the objectives of the company.

By making individuals happy in their employment, leaders may accomplish goals and boost employee performance, claim Paracha et al. (2012). The role of strong leaders is crucial for organizational success. Leadership style is a key factor in how well an organization performs overall. Leaders have a variety of behaviors and talents that can have an impact on their performance both favorably and adversely. The nature of the authority and control relationships within the organization is one of the crucial elements that may have an impact on employees' performance. Since performance cannot be attained without a leader that can adapt to the changes and difficulties of the environment, knows how to motivate the staff, and encourages people to take more responsibility for their job, leadership style has an impact on performance. Anyango (2015). As a result, the goal of this research is to examine how a leader's style of leadership affects organizational performance. Since it was said that leadership is defined as the ability to persuade people to attain a common goal, leadership styles were chosen as the independent variable in this study. This phrase describes how leaders work with others to accomplish organizational goals. The researcher opted to research the subject since he is concerned about it. The objective is to assess employee performance and determine whether it is impacted by how employees view their immediate supervisor's leadership style. The study investigated if a leader's style of leadership affected staff members' performance in a banking

environment. The study also highlighted managerial/supervisory leadership skills from the viewpoint of the employees.

By examining how our conception of leadership has changed, it is possible to show how effective leadership is not related to a single technique. It's a combination of knowledge, attitudes, and actions focused on the task at hand as well as concern for the people doing it. Understanding the different leadership styles can help leaders become more effective by understanding how and why they do what they do, as well as identifying where and when they need to change their style.

According to Awash Bank's annual financial report, the growth rate is not as it was planned, and the growth rate was below the growth of peer Banks and survey assessment conducted by the Bank shows that there was a decreased satisfaction level of employees in overall leader's performance. In addition to that from personal observation and informal discussions with employees of the Bank, there is a high turnover of employees. The study intended to address how leadership style influences the performance of employees that enhances conducive work environments.

1.3 Basic Research Questions

The research paper was intended to answer the following research question.

1. What type of leadership style is dominant at Awash Bank East Addis Ababa region?
2. What is the Relationship between leadership styles (Autocratic, Democratic, Laissez Faire, transformational, and transactional) and employees' performance?
3. To know the significance of leadership styles in employee performance

1.4. Objectives of the study

1.4.1. General objectives

The general objective of the study would be to assess the effect of leadership styles on employees' performance in the case of Awash Bank East Addis Ababa region.

1.4.2. Specific objectives

The specific objectives of the study will be.

- To assess the effect of autocratic leadership style on employees' performance in the case of Awash Bank East Addis Ababa region.
- To assess the effect of democratic leadership style on employee performance in Awash Bank East Addis Ababa region.
- To assess the effect of Transformational leadership style on employee performance in Awash Bank East Addis Ababa region.
- To assess the effect of Transactional leadership style on employee performance in Awash Bank East Addis Ababa region.
- To assess the effect of Laissez-faire leadership style on employee performance in Awash Bank East Addis Ababa region
- To determine which leadership style significantly affects employee performance in the case of Awash Bank East Addis Ababa region.

1.5. Hypothesis of the Study

- H1: Transformational leadership style has a significant effect on employee performance.
- H2: Transactional leadership style has a significant effect on employee performance.
- H3: Autocratic leadership style has a significant effect on employee performance.
- H4: Democratic leadership style has a significant effect on employee performance.
- H5: Laissez-Faire leadership style has a significant effect on employee performance.

1.6. Significance of the Study

This research aimed to examine and realize the effect of diverse leadership approaches (transformational, transactional, and laissez-faire, authoritative, and democratic) and their impacts on employee performance in Awash Bank. In addition, the research was significant to detect which leadership style is good for employees in terms of motivation for the achievement of their jobs and achieving the organization's vision. The research can provide information to Awash Bank on how their leadership style is affecting employees' performance and can be of

help to identify which leadership style will be appropriate to be effective for employee performance for the bank.

It's also beneficial for leaders of organizations to understand which types of leadership style impact employee motivation and satisfaction for better performance and how employees can also be influenced through proper leadership. It helps as a reference to similar companies in identifying appropriate leadership styles that can boost employee performance of the bank and transform the bank to success and achieve organizational targets. Implementation of a suitable style of leadership will help bring employee loyalty and trust to the bank.

1.7. Scope of the Study

Employee performance can be affected by various internal and external organizational factors. For this study, the researcher used leadership style as a focal point to see the relational effects on employees' performance in Awash Bank East Addis Ababa region.

Conceptually, leadership styles are delimited to Transactional, Transformational, autocratic, democratic, and laissez-faire to study the effect on Employee performance. In this study the independent variable is leadership styles and employee performance would be as the dependent variable.

Because of geographical coverage of the wide area, time, and cost scarcity, the study will focus on Awash Bank East Addis Ababa region only, not the whole Awash Bank spread throughout the country.

1.8. Definition of key terms Leadership style:

Leadership style is the typical pattern of behavior that a leader uses to influence his or her employees to achieve organizational goals (DuBrin, 2006).

Transformational leadership

Transformational leadership was initially introduced by leadership expert, James MacGregor Burns. According to Burns, transformational Leadership can be seen when "leaders and followers make each other advance to a higher level of moral and motivation.

Through the strength of their vision and personality, a transformational leader can inspire followers to change expectations, perceptions, and motivations to work towards common goals.

Marjory (2017) defined that Transactional leadership, often known as management leadership, is concerned with the social interactions and transactions that occur between leaders and followers. and the research also added that transactional leadership focuses on organization, supervision, and team performance. When a leader champions the compliance of their followers via reward and punishment such type of leadership style resembles transactional leadership.

Autocratic Leadership: an autocratic leader is a leader who tends to centralize authority and derive power from the position, control of rewards, and coercion (Daft, 2008).

Democratic leaders: the democratic leader is a leader who delegates authority to others, encourages participation, relies on subordinates' knowledge for the completion of tasks, and depends on subordinates' respect for influence (Daft, 2008).

Laissez –Fair leaders: According To (Cole, 2010); the laissez-faire leader is a leader who is uninvolved in the work of the unit. **Employee performance:** Performance is understood as the achievement of the employee concerning their set goals. It includes outcomes achieved or accomplished through the contribution of individuals or teams to the organization's strategic goals (Aguinis, 2009).

1.9. Limitations of the Study

The dimension selected for studying the effects of leadership style on employees' performance in the case of Awash Bank East Addis Ababa region was limited based on K. Lewin's studies on

leadership style. It did not include the overall organizational performance, but it was limited to employee's performance.

1.10. Organization of the Study

The research document had five chapters. Chapter One deals with the introduction part of the study. The second chapter emphasized the theoretical and conceptual aspects of related literature reviews. Chapter three focused on the methodological study and design of the research, sample, and sampling technique, instruments of data collection, and method of data analysis. Chapter Four discussed the data presentation and analysis. Finally, the summary, conclusion, and recommendation were presented in chapter five.

CHAPTER TWO

LITERATURE REVIEW

2. Introduction

The purpose of a literature review is to examine the key ideas found in the theoretical and empirical research literature of earlier studies. Definitions and concepts related to leadership, leadership style, employee performance, and the relationship between leadership style and employee performance are covered in this chapter. Finally, an empirical review and conceptual framework are offered.

2.1. The Concept of Leadership

Due to its ongoing impact on productivity and, consequently, business profitability, the notion of leadership is one of the most researched topics in science. Thus, various theories and methodologies—from the most traditional trait theory to the most modern ones, transformational and transactional theories—have arisen. According to Bass & Avolio (1994) and Kotter (1988), in contrast to the work of the authors, a transformational leadership style will improve employee and organizational performance. As an illustration, Avolio (1993) and Babatunde (2012) advocated the relative importance of transactional leadership style in influencing workers for better performance.

Varied authors have given leadership varied meanings, and it is thought that leadership does exist. According to Kotter (1988), it is the process of persuading individuals to work voluntarily toward achieving both personal and organizational goals. Leadership was defined by Kouzes and Posner as the skill of mobilizing people to support the pursuit of an organizational common aim (target), as mentioned in Chipunza (2006). Both categories were described by Chipunza (2006), who also noted that there is an important interpersonal process that occurs between leaders and individuals and groups of persons toward the deliberate pursuit of goals. According to the above definition of leadership styles, it is crucial to cultivate a style of leadership that encourages

collaboration, trust, and loyalty between the leaders and their followers in an organization. In addition to the criteria, leadership consistently makes a substantial contribution to the growth and effectiveness of an organization, according to Somaye (2015). Any organization will eventually experience changes to its organizational structure, mission, and leadership. A leader's unique leadership style sets him or her apart from others, and this powerful force inspires a worker or workers to carry out an action that produces the best results for the organization.

Leadership is defined as the "firm determination displayed by a leader to ensure that all members of a group are inspired and encouraged to exert maximum effort to achieve organizational set objectives and goals" (Northouse, 2016). The actions taken by a leader to direct, plan, carry out, and inspire the team are acknowledged as leadership responsibilities. Therefore, what has been said suggests that the most important aspect of a successful business is leadership. In addition, leadership involves interacting with and directing team members as well as enabling, motivating, and inspiring them to work hard to achieve organizationally desired set goals.

It requires leadership skills that strategically focus on and implement behavioral strategies that foster employee commitment if employees are to give their best effort for the success of an organization (Chowdhury, 2014). Furthermore, it was stated that it was generally acknowledged that good leadership is tough to come by, multifaceted, and recognized to depend on specific factors including the difficulty of the duties, the degree to which the leader delegated authority, and the maturity and competence of the workforce.

Lassey (1976) noted the complexity of the phenomenon and asserted that there could be no single definition of leadership that may apply to all situations; to resolve the discrepancies noted in definitions of leadership, Chemers (1997) developed an umbrella description that is acceptable to most researchers. Conger & Kanungo's definition of leadership in 1998 was similar: "People who create direction for team members, win their commitment, and then motivate them to achieve the intended outcome."

However, considering all the definitions of leadership from prior and contemporary literature, they all have one thing in common: they all aim to motivate their followers to achieve the organizational goals and objectives by motivating them to meet targets.

2.2. Leadership Styles

A team of researchers under the direction of psychologist (Kurt Lewin, (1939) set out to categorize several leadership philosophies. While additional research has uncovered more focused forms of leadership, this early study, which identified three main leadership philosophies, had a significant impact. In the study, students were divided into one of three groups, each with a leader who was either an authoritarian, democratic, or laissez-faire system. The kids were then guided through an arts and crafts project while researchers watched how the kids reacted to the various leadership philosophies. Autocratic or authoritarian leaders establish precise guidelines for what must be done, when it must be done, and how it should be done. The leader and the follower are likewise clearly separated from one another. Authoritarian leaders make choices without consulting the rest of the group, if at all. Researchers discovered that authoritarian leadership reduced the creativity of decision-making. Kurt Lewin (1939) discovered that switching from an authoritarian to a democratic approach is more challenging than the opposite. The misuse of this approach is typically seen as being oppressive, domineering, and dictatorial. When there is little time for collaborative decision-making or when the leader is the group's most knowledgeable member, authoritarian leadership is best used.

Participative leadership styles (Democratic)

According to Kurt Lewin's, (1939) research, democratic leadership—also referred to as participatory leadership—is typically the most effective type of leadership. Democratic group leaders provide direction, but they also engage with the group and welcome feedback from other participants. Children in this group were less productive than those in the authoritarian group in Kurt Lewin's (1939), study, but their contributions were of a much higher caliber. Participant leaders support group members' participation while maintaining the final say in decision-making. Members of the group are more driven and inventive because they feel invested in the process.

Kurt Lewin' (1939) Characteristics of Democratic Leadership Some of the primary characteristics of democratic leadership include:

Even if the leader has the final say in decisions, group members are encouraged to express their thoughts and opinions, members of the group experience increased involvement in the process and creativity is valued and encouraged.

Benefits of Democratic Leadership

Kurt Lewin (1939) Democratic leadership promotes group participation, which can lead to more robust conceptions and creative problem-solving techniques. Additionally, because they feel more immersed in and committed to efforts, group members are more inclined to care about the outcomes of initiatives. The effectiveness of groups is increased by democratic leadership, according to research on leadership ideologies.

Downsides of Democratic Leadership

Although democratic leadership has been praised as the most effective style of leadership, there are a few potential cons, according to Kurt Lewin's (1939) research. In situations where duties are ambiguous or time is of importance, democratic leadership can lead to poor communication and unfinished activities. On occasion, group members could not have the necessary abilities or information to make effective contributions to the decision-making process. When participants are knowledgeable and eager to share their knowledge, democratic group leadership works best. It's essential to give everyone enough time to contribute, come up with a plan, and then decide on the best course of action.

Laissez-faire leadership

Delegative leadership, often known as laissez-faire leadership, was found to have the least constructive effects on children of all three groups, according to Kurt Lewin's (1939) research. The kids in this group also couldn't function independently, were less cooperative, and placed greater expectations on the leader. Delegative leaders give little to no leadership and leave the group members to make decisions. Even though this strategy can be effective when group

members are highly competent in a certain sector, it typically leads to poorly defined roles and a lack of motivation.

Laissez-faire leadership is characterized by:

Leaders offer the necessary tools and resources; followers have complete flexibility to make judgments and group members are expected to handle problems independently.

According to Kurt Lewin's (1939) research, laissez-faire leadership can be advantageous when a group's members are exceptionally bright, motivated, and capable of functioning independently. Although the phrase "laissez-faire" sometimes used to characterize this style suggests a wholly hands-off attitude, many leaders still make themselves open and accessible to group members for consultation and input.

The Drawbacks of Laissez-Faire Leadership Laissez-faire leadership is undesirable in situations where group members lack the knowledge or experience required to carry out tasks and make judgments. Some people find it difficult to organize their activities, set deadlines, and develop original solutions. Projects may veer off course and deadlines may be missed when team members do not receive enough guidance or input from leaders.

Autocratic leadership

Authoritarian leadership is a leadership style defined by individual control over all choices and limited input from group members, according to Kurt Lewin's (1939) research. Autocratic leaders rarely take advice from their followers and frequently make decisions based on their opinions and judgments. Absolute, authoritarian control over a group is a hallmark of autocratic leadership.

Characteristics of Autocratic Leadership Some of the primary characteristics of autocratic leadership include:

Little or no input from group members, leaders make the decisions, group leaders dictate all the work methods and processes, and group members are rarely trusted with decisions or important tasks.

Benefits of Autocratic Leadership

According to Kurt Lewin's (1939) research, autocratic leadership can be helpful circumstances, such as when choices must be made quickly without consulting a large group of people. Some ventures require strong leadership to be completed quickly and successfully. Have you ever worked on a project with a group of classmates or coworkers that got stuck because of poor planning, a lack of leadership, or a failure to set deadlines? If so, your grade or work performance was probably impacted. In such situations, a strong leader with an authoritarian attitude may assume control of the group, assign tasks to different team members, and establish strict deadlines for projects. In highly stressful situations, such as during military operations, group members may embrace an authoritarian style. Members of the group can focus on completing work without being concerned about having to make difficult decisions. This gives group members the opportunity to become experts at performing activities, which can be helpful for the group.

Downsides of Autocratic Leadership

Kurt Lewin's (1939) study indicates that while there are times when authoritarian leadership is useful, there are also many circumstances in which it can be harmful. Because these people are typically viewed as demanding, domineering, and dictatorial, utilizing an autocratic leadership style abusively can produce animosity among group members. Because autocratic leaders make decisions without consulting the group, members may argue that they are unable to provide suggestions. Additionally, it has been found by researchers that autocratic leadership frequently results in a dearth of novel ways to problem-solving, which can eventually impair the performance of the group. Although autocratic leadership can have certain negative effects, when applied appropriately, it can also have some benefits. When the leader is the most informed person in the group or has access to information that the other group members do not, for instance, an autocratic approach can be used successfully.

History of Transformational Leadership

The concept of transformative leadership was initially put forth by leadership specialist James MacGregor Burns in 1978. According to Burns, transformative leadership is evident when "leaders and followers make each other advance to a higher level of moral and motivation."

Through the strength of their vision and personalities, transformational leaders may inspire followers to change expectations, attitudes, and motives to work toward common goals.

By expanding on Burns' initial ideas, academic Bernard M. Bass later created what is now referred to as Bass' Transformational Leadership Theory. According to Bass, transformative leadership can be described in terms of the impact a leader has on their followers.

Components of Transformational Leadership

Bass, (1985) also suggested that there were four different components of transformational leadership. The four main elements of transformational leadership are.

- 1. Intellectual stimulation:** Transformational leaders inspire creativity among followers in addition to challenging the status quo. The leader urges followers to investigate novel approaches and fresh learning chances.
- 2. Individualized consideration:** Supporting and motivating followers is another aspect of transformational leadership. Transformative leaders maintain open lines of communication to encourage supportive relationships so that followers feel free to share ideas and so that leaders can quickly acknowledge the distinctive contributions of each follower.
- 3. Inspiring motivation:** Transformational leaders can communicate a clear vision to their followers. Their leaders can inspire others to have the same drive and motivation to achieve their objectives.
- 4. Idealized influence:** Followers look up to the transformational leader as a role model. Because they respect and trust the leader, the followers absorb the adoration, trust, and respect that the leader has received from them.

The focus of transformational leadership is on employee development and considering the needs of each employee. The major objective of a transformational leadership style is the creation of an all-encompassing value-based framework that promotes employee morale, skill development, and follower motivation. According to Bass and Avolio (1994), transformational leadership helps leaders attain improved performance. According to Bass and Avolio (1994), transformational leadership happens when the leaders widen or raise the employees' interests. More transformational leadership practices are used by leaders who urged followers to look beyond their interests. Transformational leaders are successful in many circumstances for a variety of reasons, including the charismatic followers they can inspire.

Effects of Transformational Leadership

According to authors Bass and Riggio's (2006) definition of *transformational leadership*, exceptional leaders encourage followers to produce extraordinary results. Members of the group are inspired to take on leadership roles in addition to being urged to participate.

Transactional Leadership Style

According to Obiwuru (2011), transactional leaders value careful oversight, spotting faults, and taking remedial action when necessary. Additionally, Shah & Kamal (2015) noted that to get the best performance out of subordinates, transactional leaders tightly adhere to predetermined parameters, prefer the status quo, and do not diversify. Bass (1997) defines and elaborates on the transactional style of leadership as one that is characterized by authority and constrained administrative powers. According to Bass & Aolivo (1990), the transactional leadership style is a sort of negotiation based on reciprocity where leaders and followers trade services. According to Burns (1978), "Leader's approach followers intending to swap one item for another. In a similar spirit, Bass & Avolio (1990) stated that transactional leaders give incentives and rewards to subordinates in exchange for completing the assigned task and meeting the predetermined goals. "Transactional leaders either refuse to offer rewards if targeted production is not met, on the other hand, they offer monetary rewards for high productivity," said Bass and Riggio (2006). The individual wants and aspirations are satisfied under this type of leadership style, but only if the leader's expectations and standards are satisfactorily met. According to several academics, the

transactional leadership style functions as a form of reward for observed honorable acts and punishment for perceived wrongdoings (Fredendall, Laohavichien, & Cantrell, 2009). This demonstrates that subordinates typically only perform to the extent of the reward promised; as a result, their performance does not exceed the anticipated reward.

2.3 The Concept of Employee Performance

To achieve an organization's stated goals, individuals are required to perform at a level that is acceptable by the standard, and managers are responsible for monitoring and evaluating employee performance (Armstrong Michael, 2009). Performance is the execution of a certain task measured against predefined, recognized standards of accuracy, completeness, cost, and time. The contribution of employees to the accomplishment of organizational goals is referred to as employee performance.

Cooke (2000) claims that performance can be evaluated in terms of level accuracy, task completion, cost, and speed as compared to predefined performance requirements. Performance is defined in an employment contract as the execution of a promise in a way that discharges the performer from all obligations outlined in the contract. Performance was described as organizational capability in creating anything relevant to desired aims in one study by Kaithen (2002). According to Prawirosentono (2000), performance refers to the work output produced by an individual or group of individuals inside an organization following their respective authority and responsibility to accomplish the organizational goal morally, ethically, and without violating any laws.

The idea of organizational performance is one of the most significant dependent variables of interest for academics concerned with pretty much any area of management, according to another study by Richard et al. (2008) Defined. Although the concept of organizational performance is frequently used in academic literature, defining it is difficult due to the various ways that academicians have interpreted it. As a result, this idea lacks a generally recognized definition. Like today, organizational performance in the 1950s was described as how well an organization, when regarded as a social system, achieves its goals (Tannenbaum, 1957). During this time, the evaluation of performance was centered on the job, the people, and the organizational structure.

Managers started to realize that a company is successful if it achieves its objectives with the least number of resources possible (efficiency). As a result, organizational theories that came after Campbell's (1970) work supported the notion that an organization can only accomplish its performance goals within the restrictions of its finite resources (Lusthaus & Adrien, 1998). Profit was one of the several performance measures in this situation.

Today's business environment has made employee performance a hot topic, thus organizations go to considerable efforts to assess and manage it (Armstrong and Baron, 1998). Additionally, scholars concur that performance is essentially a personal experience, with environmental influences affecting performance primarily through their impact on personal elements that determine motivation and ability to succeed.

2.3. Measuring employee performance

This written document emphasizes the employee or individual level performance when measuring performance at the organizational and individual levels. Key performance indicators (KPIs) and metrics can be used to gauge an individual's performance. It is important to recognize that some positions, such as knowledge workers, are difficult to quantify or measure in terms of quantity (Levinson, 1970). A company can build strategies and gain competitive advantages over rivals by measuring performance. Additionally, it helps managers make important decisions about human resources, such as promotions, transfers, and terminations, and it helps the firm create a reputation. Additionally, it fosters healthier employee rivalries among team members to improve performance. Performance, according to Afshan (2012), is "the accomplishment of particular tasks measured against predetermined or identified standards of accuracy, completeness, cost, and speed." Employee performance can be seen in increased output, ease of use of new technologies, and highly motivated employees. Human resource management methods have a strong, positive relationship with employee performance and development, according to numerous studies by scholars. Employee performance and results are frequently linked. It may also be viewed in terms of conduct, though (Armstrong, 2006). The organization's performance standards can be used to evaluate employee performance (Kenney et al., 1992). When assessing performance, numerous common metrics can be used, including measurements of effectiveness, productivity, quality, and profitability (Ahuja, 2006). Managers should create

defined performance standards and outcomes for both groups and individuals to measure performance. Performance can be evaluated in a variety of ways, both objectively and subjectively (H. Erkutlu, 2008). Employee performance is objectively assessed using factors like profit margins, market share, increased output, decreased cost, return on investment, etc. Subjectively, evidence of a leader's performance includes changes in employee behavior, the ability to learn and grow, employee dedication, and the development of skills and competencies, among other things.

Leadership Style and Employee Performance

The style of leadership affects employee's performance since performance cannot be achieved in the absence of a leader that can adapt to the changes and challenges of the environment knows how to motivate the employees and encourages them to take more ownership of their work Anyango (2015).

Transformational and employee performance

The focus of transformational leadership is on employee development and considering the needs of each employee. The major objective of a transformational leadership style is the creation of an all-encompassing value-based framework that promotes employee morale, skill development, and follower motivation. According to Bass and Avolio (1994), transformational leadership helps leaders attain improved performance. According to Bass and Avolio (1994), transformational leadership happens when the leaders widen or raise the employees' interests. More transformational leadership practices are used by leaders who urged followers to look beyond their interests. Transformational leaders are effective for a variety of reasons, including that they may be charismatic in terms of inspiring their followers and that they may satisfy the emotional needs of their workforce or inspire them intellectually (Bass & Avolio, 1994). According to Wang et al. (2011), transformational leadership practice and individual performance levels are positively correlated. The study also revealed a link between a transformative leadership style and improved team performance. Overall performance improves because of the individualized relationships that transformational leader builds with their followers. According to Jyoti and Bhau (2015), transformative leadership and organizational performance are positively correlated. According to Sofi and Devanadhen (2015), the adoption

of transformational leadership methods has a considerable impact on organizational performance. The study focused on the banking industry, and the findings indicated that transformational leadership had a direct, beneficial effect on organizational performance.

Transactional and employee performance

Transactional leadership philosophies can have a beneficial or negative effect on employees' ability to execute their jobs. It is determined by employee evaluation. Depending on how employees perceive leaders' commitment, sincerity, and transparency, transactional leadership may have both a beneficial and a negative impact on employee performance (Yitawok, 2020). Leadership has a beneficial effect when leaders are dependable and open about their agreements, while the opposite will negatively affect staff performance. By ensuring that employees have access to the resources they need, transactional leaders help firms achieve their present and long-term goals (Zhu, Chew, and Spengler, 2005).

Laissez-faire and employee performance

According to Abdul and Javed (2012), laissez-faire leadership has a positive link with employee motivation, but the connection is not statistically significant, indicating that laissez-faire leadership is not necessary to raise employee motivation levels in comparison to other leadership philosophies. Numerous studies have found a link between a laissez-faire management style and low employee satisfaction, ineffectiveness, and productivity. Because there are environments that are conducive to this leadership style, it is a contentious issue that cannot be resolved. Employees that are willing to take on the leadership position make decisions voluntarily under a laissez-faire leadership style.

Autocratic and employee performance

According to Armstrong (2012), in emergencies with a homogeneous workforce, authoritarian leadership may be beneficial. However, when leaders are fair and wise, their followers will respect them. Practically, acting autocratically is acceptable under some circumstances. When the business is dealing with a crisis or an urgent issue that needs an instant solution, it is crucial (Bhargavi & Yaseen, 2016).

According to research by Joseph (2018), autocratic leadership may be beneficial in some circumstances, such as when hasty choices must be made without much consultation. Although more production may result from autocratic leadership, institutional strife and a lack of initiative are more likely in the long run. The use of performance acknowledgment and sanction by the leader in an authoritarian setting increases productivity; nothing significant can be accomplished when a particular sort of leadership style is employed. However, Maqsood, Bilal, and Baig (2013) stated that group members may choose an autocratic form during armed battles. This style allows staff to focus on performing specific tasks without worrying about making complex decisions and to become highly skilled at performing specific duties, which can be beneficial to the organization.

Finally, Tandoh (2011) concluded that an organization's survival and success depend on the performance of its employees. According to Liya (2018), the study used the Multifactor Leadership Questionnaire (5X) and non-financial employee performance measures, particularly teamwork, attaining organizational objectives, and customer happiness.

2.4. Empirical Literature Review

According to studies on organizational behavior in many settings, transformational leadership improves employee performance, which in turn improves organizational performance (Bass and Avolio, 1994; Ristow, 1998). Transformative leadership is a development of transactional leadership, according to a study by Pruijn and Boucher (1994) (Bass, 1997). In contrast to transactional leadership, which at best results in expected performance, followers of transformational leadership display performance that exceeds expectations (Bass and Avolio, 1994). Keller (1992) discovered that transformational leadership had a strong positive link with higher overall project quality as well as budget and schedule performance in a longitudinal study of 48 research and development project groups of 349 professionals.

Similarly, Howell and Avolio (1993) discovered that business unit goals were positively impacted by leaders who exhibited more transformational leadership traits and less transactional leadership traits. Longitudinal research was done on 36 undergraduate student work groups utilizing a group decision support system by Avolio et al. in 1997. They examined the impact of

leadership style on group performance and discovered that transformational leadership has an impact on the group's performance both directly and indirectly. Financial performance is one of the most extensively studied outcomes. According to Parry (2000), decades of research have consistently shown that transformational leadership significantly improves the financial metrics of 22 firms (correlations of 0.30 or higher).

It was also demonstrated to have an impact on how employees view a company's financial position in comparison to its competitors. Koech and Namusonge (2012) looked at the key influences of leadership philosophies on worker performance in state-owned businesses in Kenya. They specifically wanted to know how Kenyan state-owned firms' employee performance was affected by transactional, laissez-faire, and transformational leadership styles. The results of the study showed that there was a strong association between transformational leadership variables and employee performance evaluations, compared to a weaker correlation between transactional leadership behaviors and employee performance.

A meta-analysis of 87 research measuring transformational, transactional, and laissez-faire leadership was done by Judge and Piccolo in 2004. The study's findings led the authors to conclude that contingent reward leadership was a close second to transformational leadership in terms of overall validity. When examining contingent rewards versus transformational leadership, the authors discovered that the latter had greater validity. The validity of contingent rewards for leader performance was found to be higher. For follower motivation and group effectiveness, the authors discovered that the validity differences were not statistically significant. Through their meta-analysis, the authors discovered a favorable correlation between transformational leadership and follower job satisfaction, follower leader satisfaction, follower motivation, leader job performance, group performance, and leader effectiveness as measured by followers.

The performance of followers was found to be positively correlated with transformational leadership behaviors, as judged by followers, in a survey by Bono and Judge (2003) to determine whether followers of transformational leaders exhibit higher performance, motivation, job satisfaction, and organizational commitment in service and manufacturing organizations. Nemanich and Keller (2007) deduced from the responses provided by the employees about

transformational leadership that these behaviors had significantly 26 positive relationships with acquisition acceptance as well as being positively related to goal clarity, creative thinking, and follower performance. The authors advise using transformational leadership to deal with problems like those that arise during an acquisition.

In 2017, Abdul Basit et al. conducted research to examine the effect of leadership style on worker performance in Malaysian private businesses and governmental organizations. The quantitative approach and convenience sampling methods are applied. It presents descriptive and regression analysis. A five-point Likert scale survey was given out by a researcher, and data analysis was done using SPSS software. The results showed that democratic leadership had a favorable effect on worker performance. Employee performance is significantly impacted negatively by autocratic leadership. Employee performance is positively impacted by laissez-faire leadership.

In the Pakistani banking industry, Muhammad Asrar-Ul-Haq et al. (2016) researched the effect of leadership style on subordinate performance. A questionnaire was given out to 224 full-time workers of different banks as part of the study's non-random deliberate sampling technique. To test the hypothesis during the study, inferential statistics and SPSS were employed. According to the study's findings, transformational leadership style and employee performance are positively correlated, whereas laissez-faire leadership style is negatively correlated. In addition, the study demonstrates that the high staff turnover in the banking industry is caused by the conduct of the leader, and it demonstrates that these issues may be solved by cultivating effective leaders.

Accordingly, the study conducted by Tamerat Mekonnen (2019), The study at Sheraton Addis Hotel indicated that Autocratic and Democratic leadership styles had a positive significant effect on employees' performance, but the Laissez-faire leadership styles had no significant effect on employees' performance.

According to the research result of Gebrehiwot Aregawi (2021) Transactional, transformational, and laissez-faire found to be positively correlated with employee performance but authoritative leadership found negatively correlated for the research carried out at commercial Bank of Ethiopia.

2.5. Conceptual Framework (model)

Independent variables

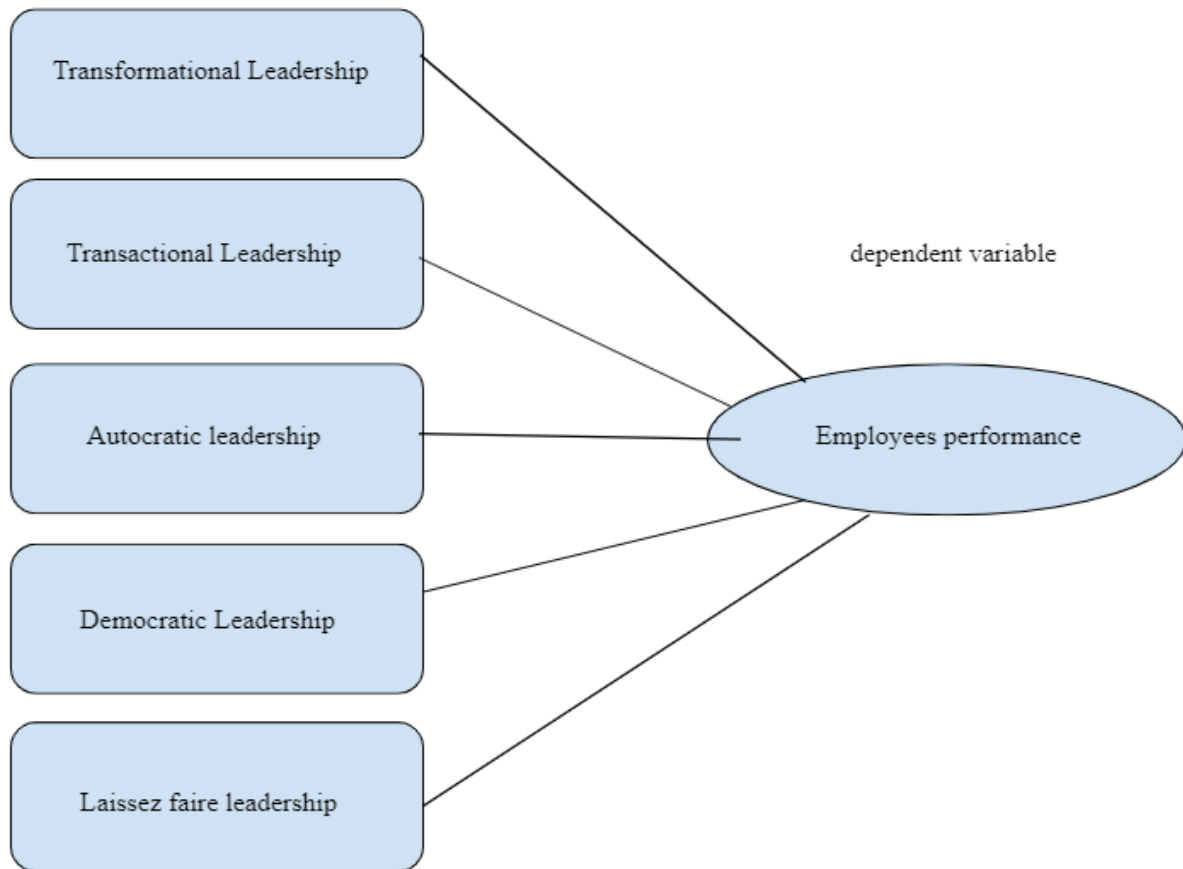


Figure 2. 1: Conceptual framework of the research

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research Design and Methodology

This chapter is about the methodology of the research. It includes the Research Design; Types and Sources of Data; Target Population, Sampling Techniques, Sample Size, Instruments of Data Collection, and at last Data presentation and analysis.

3.2. Research Approach

To address the objectives the study used quantitative research approach.

A quantitative research approach was applied to assess the relationship between the dependent variable (employee performance) and independent variables (transformational leadership style, transactional-leadership style, autocratic leadership style, democratic leadership style, and laissez-faire leadership style) of the research study. Then the relationship between these variables were measured and analyzed using statistical procedures (SPSS).

3.3. Research Design

The study applied descriptive and confirmatory research designs.

In descriptive research, the indispensable emphasis is to explain specific opinions and ideas to examine the relationships and variations in the important variables by reviewing a large sample of the population Lee and Ling, (2008). Therefore, what kind of leadership style has been utilized and the demographic information of the respondents will be described. The descriptive research design will examine and describe the type of leadership styles practiced in Awash Bank East Addis Ababa region and the relationship between five different leadership styles (transformational, transactional, and autocratic, democratic, and laissez-faire) and employee performance.

From the hypothesis-based expectations on in what and why variables should be interrelated. Interactions happen and might be directional (i.e., positive, or negative).

3.4. The Population of the Study

The target population of the study was Clerical employees working at Awash Bank East Addis Ababa region. As per the information obtained from the region, around 320 employees were working in this region and 205 are clerical employees and are the population target of the study.

3.5. Sampling Design

A proportional simple random sampling technique was applied to avoid sampling bias and to have equal chance of being selected or have a better representative of sample from population. The study used a table of random number method.

3.6 Sample Size Determination

Sampling was determined from a given population (Kothari 2004). Sampling is used for simplifying and managing the population to make it representative of the total population. Time and resource constraints were avoided through appropriate selection of sampling. For this purpose, the researcher used an appropriate sample size to get a good representation of data in the formula.

$$n = \frac{N}{1 + N(e)^2}$$

Where $n =$ *Sample size*

$N =$ *population size*

$e =$ *level of precision or acceptable sampling error (0.05)*

$$n = \frac{205}{1 + 205(0.05)^2}$$

$n = 135$ *is the sample size*

3.7 Source of data collection.

For this study, relevant information was gathered from primary and secondary sources. The primary data was obtained through questionnaires and employees of Awash Bank East Addis Ababa region were the main source of primary data. Secondary data will be gathered by reviewing documents such as books, journals, periodicals, and other pertinent sources which are relevant to this study.

3.8 Research instruments

The questionnaire was designed to gather data from Awash Bank East Addis Ababa region employees including the management staff. It was self-administered, very simple, and easy to understand. The questionnaire of the research was customized from different research works such as the Multifactor leadership questionnaire (MLQ) from Bass and Avolio, 1997. The questionnaire had two parts. The first part was about demographic characteristics of respondents which consists of age, sex, educational background, and year of service in Awash Bank. The second consisted of MLQ research questions. A five-point Likert scale and respondents will be requested to choose their level of agreement on a given item. 1 “Strongly disagree”, 2 “Disagree” 3 “Neutral” 4 “Agree” 5 “Strongly agree”. The Development of the questionnaire will be based on the following variables: Transactional, Transformational, democratic leadership, autocratic leadership, and laissez-faire leadership, and for employee performance 1=very low,2=low,3=Average,4=high.5=very high.

3.9 Method of data collection

The questionnaire was designed to gather data from Awash Bank East Addis Ababa region permanent employees including the management staff with face-to-face or personal data collection. It was self-administered, very simple, and easy to understand. The questionnaire of the research was customized from different research works such as the Multifactor leadership questionnaire (MLQ) from Bass and Avolio, 1997.

3.10 Procedure of data collection

The self-administered questionnaire was used as a data collection instrument to gather primary data from employees of Awash Bank East Addis Ababa region to describe the type of leadership style being exhibited and the effect of leadership styles on employee performance at the Awash Bank East Addis Ababa region. The best appropriate method to gather primary data is to hand out questionnaires.

3.11 Data Analysis Method

The quantitative raw data was analyzed using SPSS. The descriptive statistics analysis was applied to represent data by tables and make summary calculations using mean and standard deviations. To assess the effect of leadership styles on employees' performance in Awash Bank in the East Addis Ababa region, the researcher used multiple linear regression methods. The primary purpose of the study was to examine the effects of the five leadership styles on employee performance. Accordingly, both descriptive statistics (such as mean, and standard deviation) and inferential statistical methods (such as Pearson's correlation and multiple linear regressions) were used to test the effects of the independent variables on the outcome variable using the SPSS software package. A statistical significance level of alpha is used to test whether the computed correlation and regression coefficients are statistically significant or not.

Particularly, a multiple linear regression statistical model was used to test the total and relative effects of predictor variables (i.e., the five leadership styles – autocratic, democratic, transformational, laissez-faire, and transactional) on employee performance (the outcome variable).

3.12. Reliability and Validity

Reliability refers to consistency (Kothari, 2004). The reliability of internal consistency involved correlating the responses to each question in the questionnaire with those other questions in the questionnaire. To test the reliability of the questionnaire the researcher used Cronbach's alpha. The questionnaire's internal validity refers to its ability to measure what it was intended to measure.

Reliability is fundamentally concerned with issues of consistency of measures whereas validity is the degree to which an instrument measures what it is supposed to measure. (Bryman and Bell, 2003).

The total number of complete feedbacks received was 126 sample populations. To confirm the reliability of the data and Cronbach's alpha test result shows greater than 0.767 which is known to be satisfactory.

Reliability Statistics

Cronbach's Alpha	N of Items
.767	36

3.13. Ethical Considerations.

The respondents participating in the research study were communicated through a cover letter annexed to the questionnaires which clarify about the purpose of the research and inform them that their response was kept confidential and used for the study purpose only. Not only would the respondents' willingness be obtained but also the researcher had officially approached the bank to secure its agreement for the research to be conducted on the affairs, premises, and employees of the bank and the same was granted by high officials of the bank. The researcher had also clearly informed the respondents about their right to voluntary participation before conducting the questionnaire and any withdrawal during the process was also open and fully respect.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, AND DISCUSSION

This chapter focuses on the presentation and analysis of the data, questionnaire distributed and collected via personal or face-to-face. Five scale questionnaire was developed, and it ranges from one to five; where 1 stand for strongly disagree, 2 stands for disagree, 3 stands for Neutral, 4 stands for agree, 5 represents strongly agree, and the data was exported from the application to fed to SPSS 23 for further analysis. The outcomes from the research are mainly presented in the form of frequency, mean, and standard deviation tables. To analyze the effect of the independent variable on the dependent variable correlation and regression analysis were applied in addition to the descriptive statistics. For the study, 135 questionnaires were disseminated to employees and 126 (93%) questionnaires were collected and valid used for analysis.

4.1. Respondents' Demographic Background

Descriptive statistics were used by respondents to describe the demographic variables they provided. Based on the research participants' gender identity, age bracket, highest levels of educational attainment, and number of years of organizational experience, each person's unique profile was examined.

Table 4. 1: Respondents' Demographic Background

Item	Categories	Frequency	Percentage
Gender	Female	49	38.9%
	Male	77	61.1%
	Total	126	100.0%
Experience	Below 2 years	28	22.2%
	Below 5 years	59	46.8%
	Below 10 years	26	20.6%
	Above 10 years	13	10.3%
	Total	126	100.0%
Age	21-30	96	76.2%
	31-40	18	14.3%
	41-50	12	9.5%
	Total	126	100.0%
Education	BA/BSC	95	75.4%
	Higher Diploma	3	2.4%
	Master's degree	28	22.2%
	Total	126	100.0%
	Total	126	100.0%

Source; Survey Questioner 2023

Age, gender, educational attainment, and work experience with the Awash Bank have been recognized as four characteristics of the respondents according to the overall demographic profile of the respondents shown in the above table. It makes the analysis more understandable for readers when the respondents' demographic traits are described. Accordingly, the results from the above table revealed that there were 135 respondents in total, 126 of whom provided valid responses to the demographic questions, and that 77 (61.1 percent) of the participants are male and 49 (38.9 percent) are female. Only 22.2% of female participants suggest that there is a lack of gender diversity within the study organization. Although there were many female participants in the study, it can be inferred from the data in the previous table that most of the respondents were men, even though there were also a sizable number of female respondents in the sample, which led to the conclusion that both genders were represented proportionally in the sample. In the table above, the participant data were summarized. In other words, 96 respondents (76.2%) were between the ages of 21 and 30; 18 respondents (14.3%) were between the ages of 31 and 40; and 12 respondents (9.5%) were between the ages of 41 and 50 and no respondents were available above age 51.

According to the figures above, most respondents who took part in the research were between the ages of 21 and 30 and respondents did not participate above age 51. The respondents' experience was separated into five categories, with less than two years of experience accounting for 22.2 percent (28), two to five years of experience accounting for 46.8 percent (59), and 5-10 years of experience accounting for 20.6 percent (26). Respondents with above 10 years of experience represent 13.3 percent (13) and 8.6 percent (12) of the experience range. Most of the employees have prior banking expertise, which has a beneficial influence on analyzing leadership styles and their impact on employee performance. Meanwhile, the educational background of the respondents is limited only to master' MSc/MA, bachelor's degree (BSc/BA), and higher diploma. The respondents with a bachelor's degree are 95 (75.4%), followed by those with a master's degree (28.1%) and those with a higher qualification (2.4%). Since most respondents have bachelor's degrees, it may be inferred that most of the respondents were able to evaluate their performance and give a meaningful judgment of it, as well as to consider the leadership philosophies used by their direct supervisor. According to their general demographic makeup,

the respondents can describe, evaluate, and analyze the bank's leadership style in practice as well as assess their own performance in Awash Bank.

4.2 Transformational Leadership

To determine the respondents' judgment of the extent to which their immediate supervisors use transformational leadership styles, the mean and standard deviation (S.D.) of the 12 statements that measure transformational leadership styles were computed. The statements were graded on a scale of 1-strongly disagree to 2-disagree to 3-neutral to 4-agree to 5-strongly agree. Table 4.2 displays the descriptive statistics of the findings.

Table 4. 2: Transformational Leadership

	SD	DSA	N	AG	SA	Mean	Std. Deviation
My leader goes beyond self-interest	7 5.6	14 11.1	6 4.8	74 58.7	25 19.8	3.76	1.069
My leader considers the moral and ethical consequence	8 6.3	26 20.6	10 7.9	65 51.6	17 13.5	3.45	1.150
My leader talks optimistically about the future	8 6.3	21 16.7	8 6.3	60 47.6	29 23	3.64	1.190
My leader explains in simple terms	10 7.9	16 12.7	5 4	57 45.2	38 30.2	3.77	1.234
My boss provides appealing images	6 4.8	22 17.5	2 1.6	62 49.2	34 27	3.76	1.169
My boss helps me to discover meaning my work	8 6.3	22 17.5	9 7.1	53 42.1	34 27	3.66	1.227

My leader inspires people	8 6.3	14 11.1	6 4.8	68 54	30 23.8	3.78	1.123
My leaders help others to develop their strengths	7 5.6	16 2.7	7 5.6	60 47.6	36 28.6	3.81	1.150
I am always motivated at work	7 5.6	14 11.1	4 3.2	61 48.4	40 31.7	3.90	1.137
My leader gives individual consideration	8 6.3	21 16.7	8 6.3	64 50.8	25 19.8	3.61	1.166
The presence of a leader helps people feel good	11 8.7	18 14.3	3 2.4	57 45.2	37 29.4	3.72	1.269
I have total confidence in my leader	12 19.5	22 17.5	8 6.3	48 38.1	36 28.6	3.59	1.322
Overall mean and SD						3.70	1.183

Source; Survey Questioner 2023

The first question asked while assessing transformational leadership was whether the leader makes Beyond personal gain, my leader is the participants in the study provided the following responses: A total of 58.7% agreed, 5.6% strongly disagreed, 11.1% disagreed, 19.8% strongly agree, and 4.6% were unclear. Participants are asked to rate how much they agree or disagree with the statement that their leader considers the implications on moral and ethical issues. A total of 6.3% of study participants ranked their disagreement as strongly disagreed, followed by 20.6% of disagrees, 7.9% of neutral respondents, 51.6% of study participants who agreed, and 13.5% of sample participants who rated their agreement as extremely agreed. Participants in the study were asked to rate their level of agreement with the statement, "My leader talks optimistically about the future," and according to the same chart above, 6.3% of respondents selected "strongly disagreed," 16.7% selected "disagreed," 6.3% indicated that they were unsure

and remained neutral, 47.6% indicated that they agreed with the statement, and the remaining 23% selected choice their agreement.

Questions four through survey were designed to measure the level of achievement that they want to achieve. My leader makes it clear what we should do, and 7.9% of the sample participants rate their level of disagreement and select strongly disagree, 12.7% of the participants rate their level of disagreement and select to disagree, 4% of the participants haven't made up their minds and select neutral, 45.2% of the participants in the study indicate their agreement by selecting agreed, and the remaining 30.2% had rated their level of agreement and selected to strongly agree. Respondents were also asked to rate the question, My boss paints appealing pictures of what we will do as a result of which 4.8% of the study participants rated their disagreement by selecting strongly disagreed with the statement, along with 17.5% of participants who chose disagreed and rated their disagreement with the statement, 1.6% of participants who were undecided and rated their response as neutral, 49.2% of participants who agreed, and the remaining 27% of participants who strongly agreed. Additionally, participants in the study were asked to rate the question Due to the fact that my supervisor helps me find meaning in my work, 6.3% of the sampled employees chose strongly disagreed when rating their level of disagreement, followed by strongly disagreed by 17.5%, neutral, 7.1%, and agreed by 42.1%, and strongly agreed by the remaining 27%. The question was rated by the respondents. My leader motivates others, therefore 11.1% of research participants assessed their reaction as disagreed, 4.8% of workers had not made up their minds and rated neutral, 54% of the sample employees had agreed, and the final 23.8% had strongly agreed. The question was once more rated by study participants. My leaders support others in enhancing their areas of strength. Following this, 5.6% of participants had strongly disagreed, 2.7% had rated their responses as disagreed, 5.6% had not yet made up their minds and had rated neutral accounts, 47.6 choice agreement and the remaining 28.6% had rated their responses as strongly agreed.

Comparable to asking audience members to evaluate the question Recent responses to the statement "I am always motivated at work" showed that 5.6% of employees chose "strongly disagree," 11.1% of employees chose "disagree," 5.2% of followers chose "neutral," 48.4% of the sample participants chose "agree," and 31.7% of the remaining employees chose "strongly

agree." The responders graded the question. Each person who expressed a strong disagreement is considered by my leader, which includes 6.3% of the sample of 37 employees, 16.7% of those who disagreed, 6.3% of those who selected neutral accounts, 50.8% of the followers, and the remaining 19.8% of those who expressed a strong disagreement.

Staff members were also asked to rate the question in a similar way. When a leader is there, people feel better. While 14.3% of the sample's employees assessed disagreeing, 45.2% of the participants rated agreed, and the remaining 29.4% of employees exhibited strong agreement, 8.7% of respondents rated their strong disagreement. When asked to rate how much they agreed with the statement, "I have complete confidence in my leader," employees responded with 19.5% strongly disagreeing and 17.5% agreeing. Of the sample, 6.3% gave a neutral rating, 38.1 % an agreement rating, and 28.3 % a strong agreement rating.

The mean score for the transformational leadership survey was ($\bar{x}=3.70$), reflecting the fact that most respondents agreed with this interpretation of the Likert scale (Scott, 1999). Overall, the results indicate that the behaviors have been embraced by the bank's transformational leadership managers, with a mean score of 3.70 and a standard deviation of 1.18 for the style. The statistic indicating the mean value is greater than the midpoint is an important one to note. The information unmistakably showed that executives, managers, and supervisors of Awash Bank apply transformational leadership styles.

4.3 Transactional Leadership

Presents the mean and standard deviation from respondents' assessment of whether their immediate supervisors practiced transactional leadership style. The mean and standard deviation (S.D.) of the 6 instruments that measure transactional leadership styles were computed. The statements were graded on a scale of 1-strongly disagree to 2-disagree to 3-neutral to 4-agree to agree 5-strongly. Table 4.3 displays the descriptive statistics of the findings.

Table 4. 3: Transactional Leadership

Table	SD	DSA	N	AG	SA	Mean	Std. Deviation
My leader gives rewards to employees when goals and objectives achieved	8 6.3	13 10.3	8 6.3	67 53.2	30 23.8	3.78	1.116
My leaders think that followers must be closely supervised	15 11.9	18 14.3	11 8.7	60 47.6	22 17.5	3.44	1.268
Employees must often compensate or penalized	10 7.9	21 6.7	12 9.5	61 48.4	22 7.5	3.51	1.192
Procedure clarification and work order	10 7.9	21 16.7	3 2.4	64 50.8	28 22.2	3.62	1.219
The leader considers most workers in general lazy	19 15.1	17 13.5	12 9.5	63 50	15 11.9	3.63	1.225
My leader is the ultimate judge of employee performance	10 7.9	18 14.3	12 9.5	56 44.4	30 23.8	3.30	1.279
Overall mean and SD						3.54	1.216

Source; Survey Questioner 2023

My leader rewards staff when goals and objectives are met was the first question posed to evaluate the leadership style. Following that, 23.8% strongly agreed, 10.3% disagreed, 6.3% were indifferent, 53.2% agreed, and 6.3% strongly disagreed. My leaders believe that followers need to be tightly overseen, and the sample employee responses for the second question showed that

11.9% strongly disagreed, 14.3% disagreed, 8.7% were neutral, 47.6% agreed, and the remaining 17.5% highly agreed.

Employees must frequently be compensated or reprimanded, according to the third question, to which 7.9% of respondents strongly opposed, 6.7% disagreed, 9.5% were indifferent, 48.4% agreed, and the remaining 7.5% highly agreed. When asked about the procedure's clarification and the work order, respondents responded. Of those, 7.9% highly disagreed, 16.7% disagreed, 2.4% were neutral, 50.8% agreed, and the remaining 22.2% strongly agreed.

The leader responded that most workers are generally lazy in the fifth question with 15.1% strongly disagreeing, 13.5% disagreeing, 9.5% neutral, 50% agreeing, and the remaining 11.9% highly agreeing. Regarding the sixth query, my manager is the final arbiter of employee performance. 9.5% of respondents said they were neutral, 44.4% agreed, 23.8% strongly agreed, 7.9% strongly disagreed, and 14.3% disagreed. In actuality, the mean score is higher than the midpoint with a standard deviation of 1.21 and a mean of 3.54. This outcome demonstrates that Awash Bank managers apply transactional leadership.

4.4 Autocratic leadership

Using six statements, the descriptive findings show the mean and standard deviation of the respondent's evaluation of the existence of Authoritarian leadership style among their immediate supervisors.

Table 4. 4: Autocratic leadership

	SD	DSA	N	AG	SA	Mean	Std. Deviation
My leaders give orders.	11 8.7	23 18.3	4 3.2	65 51.6	23 18.3	3.52	1.231
My leader discourages participative decision-making	20 15.9	25 19.8	5 4	56 44.4	20 15.9	3.25	1.366
My leader believes that most employees are idle	22 17.5	18 14.3	7 5.6	50 39.7	29 23	3.37	1.429
My leader pushes employees so hard	17 13.5	21 16.7	3 2.4	53 42.1	32 25.4	3.49	1.384
I am unconfident about my job	27 21.4	23 18.3	8 6.3	49 38.9	19 15.1	3.08	1.429
Overall mean and SD						3.37	1.341

Source; Survey Questioner 2023

The assertion 7.9% of respondents strongly disagreed, 18.3% disagreed, 3.2% were indifferent, 51.6% agreed, and the remaining 18.3% highly agreed with my supervisor's control-based leadership style. My leaders provide orders: 8.7% of respondents strongly disagreed, 18.3% disagreed, 18.3% disagreed, 3.2 percent were indifferent, 51.6 percent agreed, and the remaining 18.3% strongly agreed. My boss's discouragement participation in decision-making received responses from 15.9% of respondents who strongly disagreed, 19.8% who disagreed, 4% who were indifferent, 44.4% who agreed, and the remaining 15.9% who strongly agreed. There were 17.5 percent who strongly disagreed, 14.3 percent who disagreed, 5.6 percent who were neutral,

39.7 percent who agreed, and the final 23 percent who strongly agreed with my leader's assertion that most employees are idle. My leader pushes staff so hard and received the following responses: 42.1 percent agreed, 13.5 percent strongly disagreed, 16.7 percent disagreed, 2.4 percent neutral, and the remaining 25.4 percent extremely agreed. And last, in response to the sixth question, I lack confidence in my work. And among respondents, 21.4% strongly disagreed, 18.3% were against, 6.3% were neutral, 38.9% were in favor, and 15.1% were greatly in favor. The mean results for authoritative leadership are 3.37, with a 1.34 standard deviation. The leadership finding showed that it was higher than the midpoint, which may be interpreted as the Awash Bank's leaders acting in an autocratic manner to some extent.

4.5 Laissez-Faire Leadership

The mean and standard deviation of the respondents' assessments of the laissez-faire leadership style of their immediate supervisors are displayed. Calculations have been made to determine the average and standard deviation (S.D.) of the six metrics used to evaluate laissez-faire leadership philosophies.

Table 4. 5: Laissez-Faire Leadership

	SD	DSA	N	AG	SA	Mean	Std. Deviation
My leaders give me the freedom to work on my problems	17 13.5	30 23.8	6 4.8	52 41.3	21 16.7	3.24	1.347
The leader stays out of my way as I complete my task	11 8.7	34 27	7 5.6	50 39.7	24 19	3.33	1.296
By regulation, the leaders allow me to evaluate my own job	7 5.6	34 27	9 7.1	49 38.9	27 21.4	3.44	1.249
The leader gives me complete authority	13 10.3	30 23.8	10 7.9	57 45.2	16 12.7	3.26	1.247
In most cases, I want little input from the leader	10 7.9	29 23	9 7.1	54 42.9	24 19	3.42	1.254
In general, my leader believes it is better to leave followers alone	14 11.1	27 21.4	2 1.6	64 50.8	19 15.1	3.37	1.282
Overall mean and SD						3.34	1.279

Source; Survey Questioner 2023

As stated in the table when my boss gave me the flexibility to work on my problems on my own in tough conditions, 13.5 percent of the respondents strongly disagreed, 23.8 percent disagreed, 4.8 percent neutral, 41.3 percent agreed, and the remaining 16.7 percent highly agreed. For the

second question Leader stays out of my way as I complete my task then 8.7% of respondents“ responded strongly disagreed, 27% disagreed, 5.6% neutral, 39.7% agreed and the rest 19% strongly agreed. For the question by regulation, the leaders allow me to evaluate my own job, and then 5.6% of respondents“ responded strongly disagreed, 27% disagreed, 7.1% neutral, 38.9% agreed, and the rest 21.4 % strongly agreed. For the fourth question, the leader gives me complete authority, and then 10.3% of respondents“ responded strongly disagreed, 23.8% disagreed, 7.9% neutral, 45.2% agreed, and the rest 12.7% strongly agreed. For the fifth question in most cases, I want little input from the leader the respondents“ responded that 7.9% strongly disagreed, 23% disagreed, 7.1% were neutral, 42.9% agreed and the rest 19 % strongly agreed. And now for the sixth query My leader generally thinks it's best to let followers be on their own, and the responses from the respondents showed that 11.1% strongly disagreed, 21.4% disagreed, 1.6% neutral, 50.8% agreed, and the remaining 15.1% highly agreed. The laissez-faire leadership total means and standard deviation is 3.34 and 1.27, respectively, demonstrating that certain Awash Bank leaders and managers use this style of leadership.

4.6 Democratic Leadership

The mean and standard deviation of respondents' ratings of their immediate supervisors' Democratic leadership style are shown. The mean and standard deviation (S.D.) of the six measures used to assess Democratic leadership styles have been calculated.

Table 4. 6: Democratic Leadership

	SD	DSA	N	AG	SA	Mean	Std. Deviation
My leaders spend time teaching and coaching	13 10.3	28 22.2	3 2.4	65 51.6	17 13.5	3.36	1.255
Leader encourages participative decision making	10 7.9	28 22.2	6 4.8	59 46.8	23 18.3	3.45	1.243
My leader goes beyond self-interest for the good of the group	9 7.1	26 20.6	3 2.4	63 50	25 19.8	3.55	1.224
The leader acts in ways that build my respect.	6 4.8	25 19.8	9 7.1	61 48.4	25 19.8	3.59	1.154
My leaders consider the moral and ethical consequence of decisions	9 7.1	29 23	16 12.7	41 32.5	31 24.6	3.44	1.281
My leaders help me to develop my strengths	10 7.9	26 20.6	18 4.3	35 27.8	37 29.4	3.50	1.319
Overall mean and SD						3.48	1.246

Source; Survey Questioner 2023

When my leaders spend time teaching and coaching, as seen in the table, 10.3% of respondents severely disagreed, 22.2 percent disagreed, 2.4 percent disagreed, 51.6 percent agreed, and the final 13.5 percent greatly agreed. In response to the second question, which stated that a leader should promote collaborative decision-making, 7.9% of respondents strongly disagreed, followed

by 22.2% disagreeing, 4.8% neutral, 46.8% agreeing, and the remaining 18.3% strongly agreeing. Regarding the query my leader puts the good of the group ahead of self-interest, and 7.1% of respondents indicated that they strongly disagreed, followed by 20.6% disagreed, 2.4% disagree, 50% agreed, and the remaining 19.8% strongly agreed. For the fourth query, I have more respect for the leader because of how they behave. followed by responses from 4.8% of respondents who severely disagreed, 19.8% who disagreed, 7.1% who were indifferent, 48.4% who agreed, and the remaining 19.8% who strongly agreed. For the fifth question, leaders consider the moral and ethical consequence of decisions, and then were respondents" responded 7.1% for strongly disagreed, 23% disagreed, 12.7% neutral, 32.5% agreed and the rest 24.6 % strongly agreed. Finally, for the sixth question, my leaders help me to develop my strengths and then there 7.9% of respondents" responded strongly disagreed, 20.6% disagreed, 4.3% neutral, 27.8% agreed and the rest 29.4% strongly agreed. The total mean and standard deviation for democratic leadership are 3.48 and 1.24, respectively, suggesting that certain Awash Bank leaders and managers apply the democratic leadership style.

4.7. Employees Performance Analysis

Table 4. 7: Employees Performance Analysis

	Very low	low	average	high	Very high	Mean	Std. Deviation
How do you rate the quality of your performance?	3 2.4	11 8.7	22 17.5	53 42.1	37 29.4	3.87	1.012
How do you rate your productivity?	4 3.2	7 5.6	30 23.8	53 42.10	32 25.4	3.81	0.986
How do you evaluate the performance of your peers on their job	1 8	15 11.9	26 20.6	59 46.8	25 19.8	3.73	0.942

How do you rate your performance of yourself at your job compared with your peers?	0 0	9 7.1	29 23	60 47.6	28 22.2	3.85	0.849
Awash Bank is evaluating performance fairly	30 23.8	31 24.6	22 17.5	28 22.2	15 11.9	2.74	1.358
Overall mean and SD						3.6	1.029

Source; Survey Questioner 2023

The purpose of measuring performance is not only to know how a business is performing but also to enable it to perform better. The aim of implementing a performance measurement system is to improve the performance of an organization so that it may better serve its customers, employees, owners, and other stakeholders (Johnson, 1981).

4.8 Descriptive result summary

The descriptive statistics were summarized it in one table for all the independent and dependent variables discussed in the previous topics. The summary contains the mean and standard deviation of the five leadership styles and the employee performance.

Table 4. 8: Descriptive result summary

	Mean (M)	Std. Deviation (SD)	N
transformational	3.70	1.183	126
transactional	3.54	1.216	126
autocratic	3.37	1.341	126
laissez-faire	3.34	1.247	126
democratic	3.48	1.247	126
employee performance	3.6	1.029	126

N=valid Sample, SD=standard deviation M= mean

Source; Survey Questioner 2023

Average mean and standard deviation data for each instrument are included in the summary table above. Therefore, transformational leadership behavior has an average of 3.70 and a standard deviation of 1.18.

Transactional behavior practices scored a mean value of 3.54 and a standard deviation of 1.216, Authoritative leadership practice has a mean score of 3.37 and a standard deviation of 1.341, Laissez-faire behavior has a mean score of 3.34 and a standard deviation of 1.247.

Democratic leadership style has a mean of 3.48 and SD 1.246

Employees performance mean 3.6 and SD 1.029.

The summary of all leadership styles had a mean above the average as a result five of the selected leadership styles were practiced to some extent. Laissez fair leadership style is relatively the least practiced and the transformational leadership style is mostly exercised.

4.9. Correlation Analysis

The linear link between two or more variables is measured via correlation. A correlation coefficient has a value between -1 and 1. Values closer to the absolute value of 1 suggest a strong link between the variables being correlated, whilst values closer to 0 indicate a weak or non-existent linear relationship. The link between the five leadership styles (Transformational, Transactional, Autocratic, Laissez-faire, and Democratic) and Employee performance is depicted in the Table. A 2-tailed Pearson correlation analysis was done to examine the correlation. At the 0.05 and 0.01 significance levels, the association is significant (2-tailed).

Table 4. 9: Correlation Analysis

		transformati onal	transactional	autocratic	laissez-faire	democratic	Employee Performance
Transactional	Pearson Correlation	.274**	1	.054	.195*	.222*	.313**
	Sig. (2-tailed)	.002		.550	.029	.013	.000
	N	126	126	126	126	126	126
Autocratic	Pearson Correlation	.046	.054	1	-.097	-.017	-.024
	Sig. (2-tailed)	.609	.550		.279	.853	.788
	N	126	126	126	126	126	126
Laissez-faire	Pearson Correlation	.297**	.195*	-.097	1	.441**	.313**
	Sig. (2-tailed)	.001	.029	.279		.000	.000
	N	126	126	126	126	126	126
Democratic	Pearson Correlation	.207*	.195*	-.017	.441**	1	.208*
	Sig. (2-tailed)	.020	.029	.853	.000		.020
	N	126	126	126	126	126	126
Transformatio nal	Pearson Correlation	1	.274**	.046	.297**	.207*	.441**
	Sig. (2-tailed)		.002	.609	.001	.020	.000
	N	126	126	126	126	126	126
Employee Performance	Pearson Correlation	.441**	.313**	-.024	.313**	.208*	1
	Sig. (2-tailed)	.000	.000	.788	.000	.020	
	N	126	126	126	126	126	126

Correlations

**** Correlation is significant at the 0.01 level (2-tailed).**

*** Correlation is significant at the 0.05 level (2-tailed).**

4.10 Regression analysis

Multiple regression analysis was conducted to examine how the independent variables explain the dependent variable (employee performance)

Model Summary

Table 4. 10: Regression analysis

Model	R	R Square	Adjusted R square	Std. Error of the Estimate	Change Statistics				
					R square Change	F Change	df1	df2	Sig. F Change
1	0.514	0.264	0.233	0.67536	0.264	8.610	5	120	0.00

A. Predictors: (constant) Transformational, transactional, Autocratic, Democratic, Laissez-faire leadership styles

B. Dependent variable: Performance of employees to ascertain how much variance is measured in the dependent variable (employee performance), the source's own survey 2023 summary is utilized. It is also used to determine how well the regression model fits the data. Employee performance is the dependent variable in this survey, and the percentage of variance explained by the independent variables (Transformational, Transactional, Autocratic, Democratic, and Laissez-faire) is 26.4%. These five leadership philosophies have a 26.4% success rate in influencing staff performance.

4.11 ANOVA

Table 4. 11: ANOVA

Model	Sum of Squares	df	Mean square	F	Sig.
1 Regression	19.635	5	3.927	8.610	0.000
Residual	54.733	120	0.456		
Total	74.369	125			

The regression ANOVA shows the acceptability of the model p value=0.000 is less than 5%, which indicates the overall variation explained by the model is right.

4.12 Regression coefficient

Table 4. 12: Regression coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	Beta		
(Constant)	0.986	0.506		1.951	0.053
Transformational	0.376	0.094	0.339	4.011	0.000
Transactional	0.233	0.105	0.185	2.227	0.028
Autocratic	-0.034	0.080	-0.034	-0.426	0.671
Laissez fair	0.163	0.91	0.161	1.784	0.77
Democratic	0.022	0.78	0.025	0.280	0.780

According to the coefficient table above, transformational leadership had a coefficient of 0.339. Accordingly, if all other variables remain constant and 100% of transformational leadership practices are implemented, subordinate performance at the Awash Bank will increase by 33.9%.

The outcome was statistically significant (0.05), showing that transformational leadership, the controlling variable, has a significant influence on the forecast of employee performance at the bank the result support the first hypothesis it said, “transformational leadership style has a significant effect on employee performance.” And the result is consistent with previous research findings.

Similarly, to that, transactional leadership's coefficient value of 0.185 substantially predicts employee performance in a favorable way ($0.028 < 0.05$), and when all other factors are held constant, employee performance would rise by 18.5%. The result support the second hypothesis it said, “transactional leadership style has a significant effect on employee performance.” And the result is consistent with previous research findings.

Furthermore, democratic, and laissez-faire leadership philosophies positively correlated and in significantly improve employee performance since the coefficient 0.78 and $0.77 > 0.05$ significance level which refuted(disproved) hypothesis. “Democratic and laissez fair leadership style has a significant effect on employee performance.” and the result is consistent with previous research findings respectively.

While an autocratic leadership style negatively and insignificantly impacts how well employee’s performance $0.671 > 0.05$ significance level which disproved the hypothesis”

According to the regression result transformational leadership has a greater impact on employee performance than other leadership philosophies. The outcome supports the initial prediction that "transformational leadership style influences employee performance favorably." The results support the first hypothesis, which states that "transformational leadership style affects employee performance positively," that transactional leadership behaviors have a favorable and positive impact on employee performance. The outcomes for both leadership philosophies are consistent with earlier studies that are outlined in the literature review.

Thirdly, the study confirmed the third hypothesis is disproved/refuted, "Employee performance is (decreased) negatively by autocratic leadership style," by showing that an autocratic leadership

style has a negative impact on employee performance. Although previous literature's conclusions were inconsistent, as detailed in the literature review. Fourth, the study's findings disproved the hypothesis, according to which "employee performance is significantly affected by democratic leadership style,”.

the fifth hypothesis, the study's findings disproved/refuted the hypothesis, according to which "employee performance is significantly affected by laissez-faire leadership style, which is inconsistent with the literature assessment.

To summarize the findings, it can be said that the results of the descriptive statistics aid in determining the degree to which Awash Bank employees perceive the behaviors of their immediate superiors. All the chosen leadership philosophies were utilized to some degree within the bank and has mean values (minimum 3.34 and maximum 3.70). As a result, supervisors frequently adopt transformational leadership styles, whereas democratic leadership approaches are the least common in Awash Bank.

4.13 Coefficients

Table 4. 13: Coefficients

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	.986	.506		1.951	.053	-.015	1.987		
transformaional	.376	.094	.339	4.011	.000	.190	.562	.857	1.167
trasactional	.233	.105	.185	2.227	.028	.026	.441	.891	1.123
autocratic	-.034	.080	-.034	-.426	.671	-.193	.125	.981	1.020
laissezfair	.163	.091	.161	1.784	.077	-.018	.344	.748	1.337
democratic	.022	.078	.025	.280	.780	-.133	.177	.784	1.275

a. Dependent Variable: employeeperformance

4.14 Linearity Dignostics

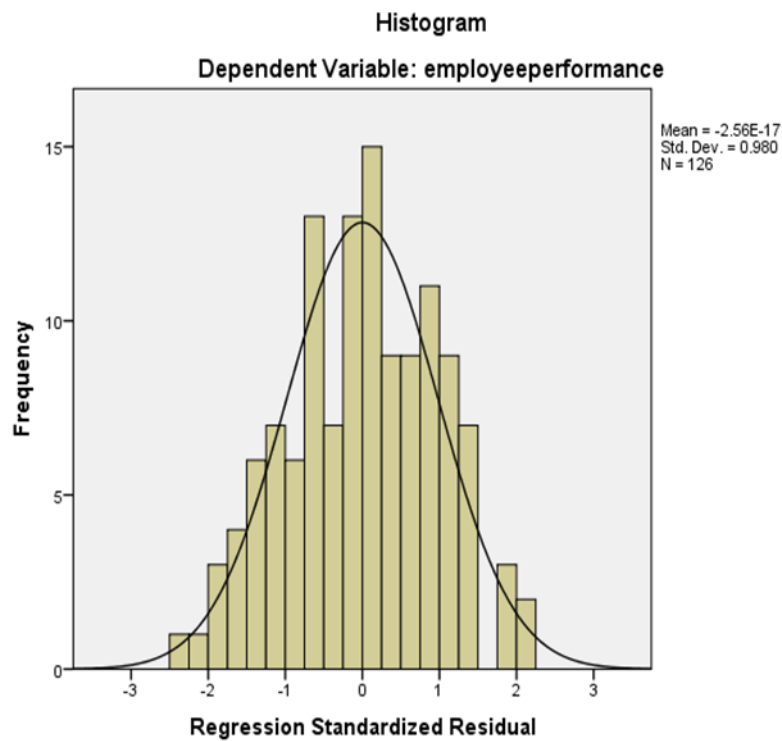
Table 4. 14: Linearity Dignostics

Collinearity Diagnostics^a

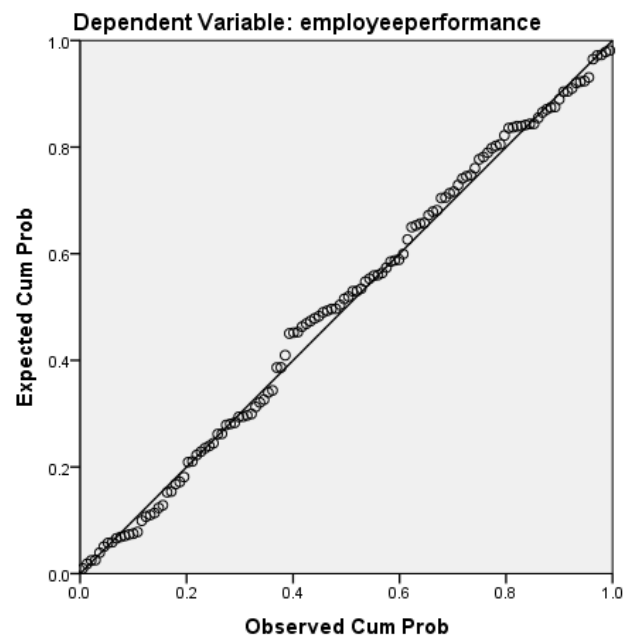
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions					
				(Constant)	trasformaiona l	trasactional	autocratic	laissezfair	democratic
1	1	5.829	1.000	.00	.00	.00	.00	.00	.00
	2	.067	9.355	.00	.00	.00	.39	.12	.18
	3	.039	12.292	.00	.23	.06	.21	.02	.55
	4	.030	13.956	.00	.02	.25	.13	.70	.18
	5	.024	15.433	.01	.67	.44	.00	.10	.08
	6	.011	22.637	.99	.08	.25	.26	.06	.01

a. Dependent Variable: employeeperformance

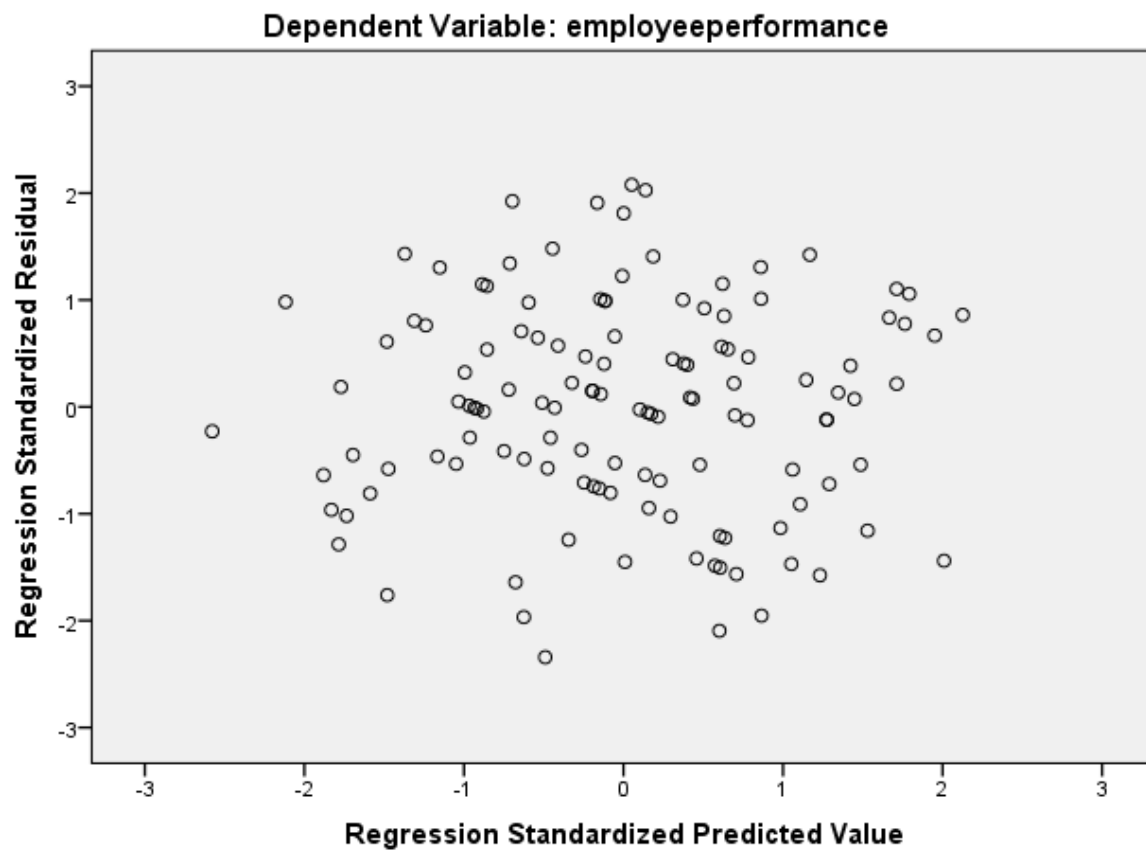
Figure 4. 1: Histogram



Normal P-P Plot of Regression Standardized Residual



Scatterplot



CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

The evaluation of leadership behaviors and employee performance in Awash Bank, as well as an analysis of the connections between five different leadership philosophies (transformational, transactional, authoritative, laissez-faire, and democratic), were the main goals of this research study, as stated in chapter one. In order to assess the connection between leadership styles and employee's performance, this also entails analyzing the present leadership philosophies used by immediate supervisors. A simple random selection technique was used to select a sample of 135 employees from the 205 participants in the study.

The descriptive statistics of the dependent and independent variables were interpreted using the Statistical Package for Social Sciences (SPSS) version 23. The association between leadership conduct and employee performance was examined using Pearson correlation and regression analysis. This is the research's final topic, which gives its summary, conclusion, and recommendations.

5.2 Summary of findings

According to the study, the majorities of study participants were male, first-degree graduates with below five years of experience in Awash Bank, and aged 21 to 30 years. The findings show that five of the selected leadership styles (transformational, transactional, authoritative, laissez-faire, and democratic) were practiced to some extent by supervisors in the bank.

From descriptive statistics of mean score, it was observed that transformational leadership style had highest score from independent variables (3.70) and S.D(1.183). Even if there is the difference in practicing leadership styles, transformational and transactional are relatively highly practiced. As the study, the result has revealed transformational leadership styles had the highest positively correlated with each measurement of employee performance and overall performance

score in Awash Bank. In addition, all metrics that assess employee performance and overall performance scores have a positive correlation with transactional leadership.

Based on the study findings, transactional leadership and employee performance are favorably correlated. On the other hand, the overall employee performance score and measures of employee performance were positively and insignificantly correlated with the laissez-faire leadership style. The overall performance score and employee performance metrics exhibited a negative and insignificant correlation with the authoritative leadership style. Moreover, democratic leadership had positively and insignificantly correlated with employee performance.

In general, the highest coefficient of correlation in the research is lay between the transformational leadership and employee performance which is (0.339), sample number 126 and $p=0.000$ this implies that there is significance positive relation between these two variables.

The regression ANOVA shows the acceptability of the model. The p -value $=0.000$ is less $< 5\%$ which indicates that the overall variation explained by the model is right

5.3 Conclusions

Leadership skills and behaviors directly involved in the company growth because team members gathered around the leader. Leader should have to drive corrected path to achieve the goals of the organization. As explained in the literature survey, there are various types of leadership styles and different types of leaders in the work environment. Some leaders are autonomy. They take all decision-making authority and control the power and did not welcome suggestions of subordinates. Some of the leaders give chance to the followers to participate in decision making processes, encourage the creation and innovation. Some leaders did not give any guidance and support to their followers to take responsibility when problems arise (Lewin, et al,1939).

On the other hand, there are different types of employees in the work environment. Some are lazy, avoid responsibility and avoid the work as much as they can. These types of employees need coerce and control by the managers. Some are motivated, interest their jobs, some have high experienced, skillful, knowledgeable. In this case managers must give autonomy to those employees. However, some are unexperienced, manger need to closely monitor those employees

(Mcgregor,1960 as cited in Mat,2008). Hence managers apply suitable leadership styles based the situation they faced.

The major findings from the data were forwarded to the following conclusions. The descriptive analysis was performed to assess the result using mean and SD the result obtained from the analysis demonstrates that transformational leadership style had the highest mean score and SD that show the respondents had an agreement about their leader exercised transformational leadership.

Employee performance was positively correlated with transformational, transactional, democratic, and laissez-faire leadership styles, but negatively correlated with authoritative leadership. Leadership style has a bigger impact on how motivated and confident employees feel about executing their jobs and making decisions as a group and individually.

Based on the findings of the research, it can be concluded that managers or leaders who inspire their teams and reward for better goal achievement will get better results from their followers if they try to exercise more transformational and transactional leadership behaviors, respectively, and the last result from the authoritative leadership style. Organizations need to pay attention to and modify supervisors' leadership styles.

The correlation analysis result concluded that there are strong positive relations between transformational, transactional leadership style on employees' performance. Democratic, laissez-faire and autocratic leadership style are independent variable, but it has no significant effects on employees' performance in this study for this reason we can reject this hypothesis due to insignificant relationships with employee's performance.

5.4 Recommendation

A leader's chosen behaviors are called a leadership style, and they are used to inspire followers to work toward the organization's goals. Applying the appropriate leadership approach depending on the circumstances and environment aids the organization in achieving its aims and objectives. Since the leadership styles that are chosen to have a big impact on how well the team performs, the environment and the circumstances should also be considered by the leaders when choosing the best leadership style for the given circumstances.

Stakeholders in Awash Bank anticipate organizational goals being met. It is essential and inescapable to select the leadership style that will best boost employees' performance to accomplish cascading goals.

The study's findings suggest that leaders should utilize one or several leadership philosophies to boost workers' productivity. The management of Awash Bank must adopt both transformational and transactional leadership styles, which enhance employee's productivity and performance in the organization.

In this regard, increasing the tendency to use Transformational and transactional leadership style and minimizing autocratic leadership style helps for the enhancement of employees' performance and overall performance of the organization.

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APPENDICES

Questionnaire

Questionnaire to be filled by employees of the Awash bank.

Dear Respondent: I am a postgraduate student at Addis Ababa University's School of Commerce studying MBL (Master of Business Leadership). This questionnaire is intended to collect information for a study on the topic "The Effect of Leadership Styles on Employee Performance in the Case of Awash Bank." The research is being carried out for academic purposes, to complete a portion of the Master of Business Leadership requirements. As a result, your replies will be kept private. Your honest and insightful replies are critical to the soundness and validity of the findings. As a result, I respectfully urge that you complete the form completely and send it as soon as possible.

Thank you in advance for your kind cooperation!

Part I:

General Profile (Please put (✓). Fill in the blanks with the adjectives that best describe you)

1. Your age: ☐ 21-30 ☐ 31-40 ☐ 41-50 ☐ 51 and above
2. Gender: ☐ Male ☐ Female
3. Your experience in Awash bank: ☐ below 2 years ☐ 2-5 ☐ 5-10 ☐ above 10 years
4. Your highest education qualification:
 - ☐ Certificate/diploma ☐ Higher diploma
 - ☐ BA/BSC degree ☐ master's degree

Part II:

Leadership Styles at Awash Bank S.C

Please mark your level of agreement/disagreement with the following assertions about the five leadership styles of Awash bank S.c: transformational, transactional, laissez-faire, autocratic and democratic.

Please use the five-point Likert Scale to indicate the alternative that best reflects your point of view. 1 for strongly disagree, 2 for disagree, 3 for neutral, 4 for agree and 5 for strongly agree.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral or Undecided	Agree	Strongly Agree

Leadership styles

S.no	Transformational Leadership	1	2	3	4	5
1	My leader goes beyond self-interest for the good of the group					
2	My leader considers the moral and ethical consequence of decisions					
3	My leader talk optimistically about the future					
4	My leader explains in simple terms what we want to achieve					
5	My boss provides appealing(attractive) images about what we can do.					
6	My Leader helps me to discover meaning in my work					
7	My Leader inspires people to think about and solve problems in novel ways.					
8	My leader help others to develop their strengths					
9	I am always motivated to work.					
10	My Leader gives individual consideration who believe rejected					
11	The presence of a leader helps people feel good					
12	I have total confidence in my leader					
	TRANSACTIONAL LEADERSHIP					
1	My Leader gives rewards to employees when goals and objectives are achieved on time.					
2	My Leaders think that followers must be closely supervised since they are unlikely to complete their assignments on their own.					
3	Employees must often be compensated or penalized to motivate them to fulfill corporate goals as a rule					

4	My Leader is the ultimate judge of employee performance					
5	Procedure clarification and work order are given by Leaders					
6	The leader considers that most workers in general staff are lazy.					
	Autocratic Leadership					
1	My supervisor leading style is based on control					
2	My Leader gives orders and expects immediate response.					
3	My Leader discourages participative decision making.					
4	My Leader believes that most employees are idle.					
5	My Leader push employees so hard.					
6	I am unconfident about my job					
	LAISSEZ FAIRE LEADERSHIP					
1	My leader gives me freedom to work on my problems on my own in difficult situations					
2	Leader stays out of my way as I complete my task.					
3	By regulation, the leader allows me to evaluate my own job.					
4	The leader gives me complete authority to handle problems on my own.					
5	In most cases, I want little input from the leader.					
6	In general, my leader believes it's best to leave followers alone.					
	Democratic Leadership style					
1	My leaders Spend time teaching and coaching					
2	My leader encourages participative decision making					
3	My leaders go beyond self-interest for the good of the group.					
4	My leaders act in ways that builds my respect					
5	My leaders consider the moral and ethical consequences of decisions					
6	My leaders help me to develop my strengths					

Part III Employee performance

The sets of statements aimed at helping you assess your performance at your job in the company. You are requested to rate yourself against each statement to indicate your self-assessment of your own performance, where the following ratings are.

1 = very low 2 = low 3 = Average 4 = high 5 = very high Please place a tick (✓) or a mark (x) in the box (cell) that represents your appropriate level of performance rating. 1 2 3 4 5

S. R	STATEMENT	1	2	3	4	5
	Quality of your performance and productivity.					
1	How do you rate the quality of your performance?					
2	How do you rate your productivity on the job? Individual's quality of performance and productivity compared with others doing similar jobs.					
	Individual 's quality of performance and productivity compared with others doing similar jobs					
1	How do you evaluate the performance of your peers at their jobs compared with yourself doing the same kind of work?					
2	How do you evaluate the performance of yourself at your job compared with your peers doing the same kind of work					
3	Awash bank is evaluating employees' performance fairly.					

Source: Adopted from Yousef (2000)

Thank you very much for spending your valuable time responding to this questionnaire!!